

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-03 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 AGR-20 DODE-00 PA-03 USIA-15 PRS-01 RSR-01

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R 142026Z AUG 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3255

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E.O. 11652: N/A

TAGS: ECON, ESTC, ETRD, AR, CU, US

SUBJ: ARGENTINA'S \$200 MILLION CREDIT TO CUBA

REF: BA-5884

1. SUMMARY. SUBSIDIARIES OF AMERICAN FIRMS IN ARGENTINA ANTICIPATING GOA PRESSURE TO PARTICIPATE IN EXPORTS OF AUTOMOBILES AND TRUCKS TO CUBA. THEY ARE AWAITING ADDITIONAL INFORMATION ON HOW THE TRADE WITH CUBA WILL BE IMPLEMENTED IN ORDER TO ASSESS IMPACT ON THEIR OWN OPERATIONS AND DESIRABILITY OF SEEKING WAIVERS UNDER CUBAN ASSISTANCE CONTROL REGULATIONS.

2. ECOMOFFS HAVE HELD PRELIMINARY CONVERSATIONS WITH LEADING EXECUTIVES IN ARGENTINE SUBSIDIARIES OF FORD, GENERAL MOTORS, CHRYSLER AND JOHN DEERE SEEKING THEIR REACTIONS TO SITUATION POSED BY ARGENTINE EXTENSION OF CREDIT TO CUBA. A VIEW COMMON TO ALL DISCUSSIONS WAS THE FACT THAT IT STILL IS NOT KNOWN WHETHER CUBAN GOVERNMENT OR OFFICIAL ENTITY WILL MAKE TIS NEEDS KNOWN AND REQUEST BIDS THROUGH ARGENTINE OFFICIAL ENTITIES, WHETHER CUBANS WILL ASK POSSIBLE ARGENTINE SUPPLIERS TO BID DIRECTLY FOR

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ORDERS, OR WHETHER CUBANS WILL APPROACH INDIVIDUAL POSSIBLE

SUPPLIERS DIRECTLY. EXECUTIVES OF US SUBSIDIARIES THEREFORE FIND THAT SEVERAL SITUATIONS COULD ARISE WHICH MIGHT POSE DIFFERENT DEGREES OF NEED OR DESIRABILITY FOR THEM TO INVOLVE THEIR FIRMS IN DECISIONS OF PROSPECTIVE TRADE.

3. REACTION OF EXECUTIVES CONTACTED VARIED CONSIDERABLY AS FOLLOWS:

(A) EXPORT MANAGER (AMERICAN) OF CHRYSLER SUBSIDIARY LAST WEEK SOUGHT MODIFICATION OF HIS PASSPORT TO PERMIT TRAVEL TO CUBA, STATING HE DID WISH TO INVESTIGATE, WITH POSSIBLE BUYERS, THE OPPORTUNITIES AND CONDITIONS OF POSSIBLE FUTURE EXPORT OPPORTUNITIES. OVER LAST WEEKEND HOWEVER, GENERAL MANAGER OF LOCAL CHRYSLER SUBSIDIARY INDICATED HIS FIRM IS NOT AS AGGRESSIVE CONCERNING POSSIBLE TRADE WITH CUBA AS EXPORT MANAGER'S ACTION WOULD TEND TO SHOW. RATHER, HE STATED, CHRYSLER IS AWAITING NEW INITIATIVES ON THE SUBJECT BY GOA AND FURTHER INFORMATION ON HOW LINE OF CREDIT WILL BE IMPLEMENTED. (B) GENERAL MOTORS' ARGENTINA SUBSIDIARY WATCHING DEVELOPMENTS CAREFULLY AND EXPECTS THAT SITUATION MAY VERY WELL DEVELOP TO POINT WHERE GOA WILL BE PLACING PRESSURE UPON SUBSIDIARY TO ACCEPT ORDERS FOR EXPORT TO CUBA. MANAGER OF ARGENTINE SUBSIDIARY, LAST WEEK, INVESTIGATED POSSIBLE COMPLICATIONS FOR FIRM THROUGH VISITING OFFICIALS OF DEPARTMENT OF TREASURY, STATE AND NSC IN WASHINGTON. (C) MANAGER OF FORD'S ARGENTINA SUBSIDIARY INDICATED OFFICIALS OF HIS FIRM TEMPORARILY INVOLVED IN ATTEMPTING RESOLVE OTHER PROBLEMS FACED BY OPERATIONS IN ARGENTINA CREATED BY PRICE CONTROLS AND OTHER GOVERNMENT REGULATIONS. HE ALSO FELT THAT IT SEEMS INEVITABLE THAT US SUBSIDIARIES WILL BE PRESSURED BY GOA TO PROVIDE VEHICLES FOR EXPORT TO CUBA. (D) MANAGER OF JOHN DEERE'S ARGENTINE OPERATION FELT HE MIGHT NOT HAVE ANY PROBLEM BECAUSE (1) LINE OF CREDIT TO CUBA MAY FOLLOW PATH OF ARGENTINE CREDIT TO CHILE UNDER WHICH CHILEANS HAVE EXPRESSED MOST INTEREST IN ROAD VEHICLES RATHER THAN IN TRACTORS, WHILE GOA HAS NOT PRESSURED TO INCLUDE TRACTORS UNDER CREDIT, AND (2) JOHN DEERE FIRM HAS ARGENTINE MANAGER AND BOARD OF DIRECTORS IS FULLY ARGENTINE.

KREBS

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